

October 15, 2018

Mr. Kelcy L. Warren
Chief Executive Officer
Energy Transfer Partners, LP
8111 Westchester Drive
Dallas, Texas 75225

Re: CPF No. 1-2018-5002

Dear Mr. Warren:

Enclosed please find the Final Order issued in the above-referenced case to your subsidiary, Sunoco Pipeline, LP. It makes one finding of violation and specifies actions that need to be taken to comply with the pipeline safety regulations. When the terms of the compliance order have been completed, as determined by the Director, Eastern Region, this enforcement action will be closed. Service of the Final Order by certified mail is effective upon the date of mailing, as provided under 49 C.F.R. § 190.5.

Thank you for your cooperation in this matter.

Sincerely,

Alan K. Mayberry
Associate Administrator
for Pipeline Safety

Enclosure

cc: Mr. Robert Burrough, Director, Eastern Region, Office of Pipeline Safety, PHMSA
Mr. Ryan Coffey, Executive Vice President, Operations, Sunoco Pipeline LP, Energy
Transfer Partners, 800 East Sonterra Blvd., San Antonio, Texas 78258

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

**U.S. DEPARTMENT OF TRANSPORTATION
PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION
OFFICE OF PIPELINE SAFETY
WASHINGTON, D.C. 20590**

In the Matter of)	
)	
Sunoco Pipeline, LP,)	CPF No. 1-2018-5002
a subsidiary of Energy Transfer Partners, LP,)	
)	
Respondent.)	
)	

FINAL ORDER

From March 27 through 31, 2017, pursuant to 49 U.S.C. § 60117, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA), Office of Pipeline Safety (OPS), conducted an on-site pipeline safety inspection of the facilities and records of Sunoco Pipeline, LP's (Sunoco or Respondent) Mariner East 2 (ME2) pipeline project near Hopedale, Ohio. ME2 is a project to expand takeaway capacity for the transportation of natural gas liquids (NGLs) from the Marcellus and Utica Shales areas in Western Pennsylvania, West Virginia, and Eastern Ohio to destinations in Pennsylvania, including the Marcus Hook Industrial Complex on the Delaware River, where they are processed, stored and distributed to local, domestic and waterborne markets.¹ Sunoco is a subsidiary of Energy Transfer Partners, LP (ETP).²

As a result of the inspection, the Director, Eastern Region, OPS (Director), issued to Respondent, by letter dated January 11, 2018, a Notice of Probable Violation and Proposed Compliance Order (Notice). In accordance with 49 C.F.R. § 190.207, the Notice proposed finding that Sunoco had violated 49 C.F.R. § 195.204, and proposed ordering Respondent to take certain measures to correct the alleged violation.

Sunoco responded to the Notice by letter dated February 12, 2018 (Response). The company did not contest the allegation of violation but provided information concerning the corrective actions it was taking. Respondent did not request a hearing and therefore has waived its right to one.

FINDING OF VIOLATION

In its Response, Sunoco did not contest the allegation in the Notice that it violated 49 C.F.R. Part 195, as follows:

¹ https://www.energytransfer.com/ops_mariner_east_2.aspx (last accessed July 26, 2018).

² See <http://www.sunocologistics.com/> (last visited July 31, 2018).

Item 1: The Notice alleged that Respondent violated 49 C.F.R. § 195.204, which states:

§ 195.204 Inspection—general.

Inspection must be provided to ensure that the installation of pipe or pipeline systems is in accordance with the requirements of this subpart. Any operator personnel used to perform the inspection must be trained and qualified in the phase of construction to be inspected. An operator must not use operator personnel to perform a required inspection if the operator personnel performed the construction task requiring inspection. Nothing in this section prohibits the operator from inspecting construction tasks with operator personnel who are involved in other construction tasks.

The Notice alleged that Respondent violated 49 C.F.R. § 195.204 by failing to conduct inspections to ensure that the installation of pipe or pipeline systems was in accordance with the requirements of Subpart D of Part 195. Specifically, the Notice alleged that Sunoco failed to provide adequate inspection of pipe-bending activities during the ME2 project to ensure each field bend complied with § 195.212(b), “Bending of pipe.”

During the inspection, the OPS inspector observed numerous coating scrapes on at least five segments of pipe that were strung out in a linear fashion to the right-of-way, east of the pipeline installation near Markets Hopedale Cryogenic Plant in Hopedale, Ohio. Several segments of the pipe had severe coating damage, and at least one joint of pipe had a gouge that extended into the wall of the pipe. Markings on the pipe indicated that the segments had been subject to field bending.

When the OPS inspector inquired about the cause of the damaged segments and whether the gouged segment was serviceable, Sunoco responded that a bending machine was the cause of the damage and the bending machine had been repaired on November 18, 2016, the same day the gouged segment was subject to field testing.³ Sunoco also provided a report titled “Bending_Layout/D02.07,” dated November 18, 2016, which documented the company’s inspection of pipe for that day. The report indicated that that pipe number 9567161903, identified by Sunoco as the gouged segment of pipe, was subjected to field bending which resulted in damage to the outside wall of the pipe; however, the segment was not marked by the Sunoco inspector, as no notations were made in the “Rejects” column of the report.⁴

Additionally, the OPS inspector requested a copy of Sunoco’s pipe-bending procedures and specifications. In its Response, Sunoco provided its Scope of Work documents for the ME2 project, *DOT 195 Maintenance Manual, SEC. 195.212: Bending of Pipe* (last revised 04/03/04), and its *Inspector Manual* (revision 2, dated 2/17/14). The OPS inspector reviewed these documents and found that they did not include either a process for inspection of field bending or

³ Exhibit A-03 to the Pipeline Safety Violation Report (Violation Report) (on file with PHMSA).

⁴ Exhibit A-02 to the Violation Report.

criteria for the rejection of field bends. In fact, field bends are only mentioned in Sunoco's *DOT 195 Maintenance Manual*, which states:

4. No pipe shall be permitted in the pipeline with buckles, wrinkles, distortion, denting, flattening, gouging, grooves, or notches. Any bend rejected by the Owner's Representatives shall be removed from the line at the Contractor's expense, and the pipe thus removed will be charged to the Contractor as damaged material.

According to the Notice, it was not until the OPS inspector had inquired about the cause of the damaged segments did Sunoco adequately inspect the pipe segment at issue and remove it from service.

Respondent did not contest this allegation of violation. Additionally, Sunoco stated that ETP was in the process of integrating specifications, standards and procedures with Respondent, and as a part of this integration, ETP will implement the recommended provisions for inspection, acceptance and/or rejection of field bending during construction projects.

Accordingly, based upon a review of all of the evidence, I find that Respondent violated 49 C.F.R. § 195.204 by failing to adequately inspect the pipe bending during the installation of pipe for the ME2 project in accordance with the requirements of Subpart D of Part 195, in particular § 195.212.

This finding of violation will be considered a prior offense in any subsequent enforcement action taken against Respondent.

COMPLIANCE ORDER

The Notice proposed a compliance order with respect to Item 1 in the Notice for a violation of 49 C.F.R. § 195.204. Under 49 U.S.C. § 60118(a), each person who engages in the transportation of hazardous liquids or who owns or operates a pipeline facility is required to comply with the applicable safety standards established under chapter 601. Pursuant to the authority of 49 U.S.C. § 60118(b) and 49 C.F.R. § 190.217, Respondent is ordered to take the following actions to ensure compliance with the pipeline safety regulations applicable to its operations:

1. With respect to the violation of § 195.204 (**Item 1**), Respondent must revise its procedures and/or specifications to include adequate provisions for the inspection and acceptance and/or rejection of field bending during construction projects. Sunoco shall provide these amended procedures and/or specifications within 60 days of receipt of the Final Order.

The Director may grant an extension of time to comply with any of the required items upon a written request timely submitted by the Respondent and demonstrating good cause for an extension.

It is requested that Respondent maintain documentation of the safety improvement costs

associated with fulfilling this Compliance Order and submit the total to the Director. It is requested that these costs be reported in two categories: (1) total cost associated with preparation/revision of plans, procedures, studies and analyses; and (2) total cost associated with replacements, additions and other changes to pipeline infrastructure.

Failure to comply with this Order may result in the administrative assessment of civil penalties not to exceed \$200,000, as adjusted for inflation (49 C.F.R. § 190.223), for each violation for each day the violation continues or in referral to the Attorney General for appropriate relief in a district court of the United States.

Under 49 C.F.R. § 190.243, Respondent may submit a Petition for Reconsideration of this Final Order to the Associate Administrator, Office of Pipeline Safety, PHMSA, 1200 New Jersey Avenue, SE, East Building, 2nd Floor, Washington, DC 20590, with a copy sent to the Office of Chief Counsel, PHMSA, at the same address, no later than 20 days after receipt of service of this Final Order by Respondent. Any petition submitted must contain a statement of the issue(s) and meet all other requirements of 49 C.F.R. § 190.243. The terms of the order, including corrective action, remain in effect unless the Associate Administrator, upon request, grants a stay.

The terms and conditions of this Final Order are effective upon service in accordance with 49 C.F.R. § 190.5.

October 15, 2018

Alan K. Mayberry
Associate Administrator
for Pipeline Safety

Date Issued